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Summary record of the joint meeting of the Second Committee and the Economic and Social Council on "Domestic Resource Mobilization: Where to go after Addis?"
Held at Headquarters, New York, on Wednesday, 11 November 2015, at 10 a.m.

Co-Chair: Mr. Logar (Chair, Second Committee) ..... (Slovenia)
Co-Chair: Mr. Oh Joon (President, Economic and Social Council) ..... (Republic of Korea)

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The meeting was called to order at 10.10 a.m.

Opening statements

1. **Mr. Logar** (Co-Chair) said that all sources of finance — public and private, domestic and international — would be needed to achieve sustainable development. Target 1 of Goal 17 of the Sustainable Development Goals contained in the 2030 Agenda for Sustainable Development highlighted the importance of strengthening domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection. The Addis Ababa Action Agenda of the Third International Conference on Financing for Development, designed to support implementation of the 2030 Agenda, also recognized that taxation was critical to financing sustainable development.

2. The recognition of taxation as a development issue was in itself a milestone, but it must lead to effective strategies on the ground. Building capacities for domestic resource mobilization should include support to developing countries for strengthening their tax administrations so that they could collect revenues properly and curb tax avoidance and evasion. At the same time, the task of paying taxes should be made as painless as possible for honest taxpayers in order to promote confidence in their tax system and investment in sustainable development.

3. Although great strides had been made by developing countries in the previous few years, the average tax-to-gross domestic product (GDP) ratio for low-income countries was still half what it was for States members of the Organization for Economic Cooperation and Development (OECD), and the tax administrations of many developing countries were chronically underfunded and understaffed. Despite the evidence of the high return on investment in developing countries' tax systems, technical assistance to their revenue and customs sectors had attracted a minimal share of official development assistance (ODA).

4. The purpose of the current meeting was to examine some of the new taxation-related initiatives contained in the Addis Ababa Action Agenda and to explore a coordinated and concerted response by the international community to the challenges faced by developing countries in strengthening their tax systems for domestic resource mobilization in support of sustainable development. The role of the United Nations and other relevant stakeholders to that end would be considered.

5. **Mr. Oh Joon** (Co-Chair) said that in addition to being a stable and predictable source of development financing, a good tax system was a social contract between the State and society. Unfortunately, as business models and value chains became more international, integrated and dependent on intangibles, new kinds of tax loopholes had emerged. In particular, multinational companies had become increasingly aggressive in their tax strategies, and evasion and avoidance were rampant. Recent OECD estimates had shown that hundreds of billions of dollars in global corporate income tax revenues were lost annually; as a percentage of GDP, the impact of those losses was disproportionately high in developing countries.

6. While various international organizations had launched initiatives to meet those challenges, an effective response would depend on stronger cooperation between States, including through a better exchange of information. In the Addis Ababa Action Agenda, the international community had decided to work to enhance the work of the United Nations Committee of Experts on International Cooperation in Tax Matters by increasing the frequency of its meetings to two sessions a year and increasing its engagement with the Economic and Social Council through the special meeting on international cooperation in tax matters. The current meeting was a timely opportunity to discuss the landscape of international tax cooperation, identify priorities for reform, and make concrete suggestions for improved international cooperation.

Panel discussion on domestic resource mobilization

6. **Mr. Trepelkov** (Director, Financing for Development Office, Department of Economic and Social Affairs) said that at its eleventh session, held in Geneva in October, the United Nations Committee of Experts on International Cooperation in Tax Matters had adopted a new article for the United Nations Model Double Taxation Convention between Developed and Developing Countries that would allow recipient countries to collect taxes on fees of a managerial, technical or consultancy nature irrespective of the physical presence of the service provider. That would mark an important distinction between the United Nations Model and the OECD Model Convention with respect to Taxes on Income and on Capital. The Tax Committee had also adopted a new manual for the

negotiation of tax treaties between developed and developing countries, approved an overview note and guidance notes on the taxation of capital gains from extractive industries, and discussed a draft code of conduct for transparency in tax matters that would be submitted in the form of a resolution at the next session of the Economic and Social Council. The code of conduct would also promote international cooperation in addressing tax base erosion and profit shifting as a result of tax avoidance and evasion, illicit financial flows and money laundering. Two new subcommittees had been established, one on royalties and one on procedures for dispute avoidance and resolution, for purposes of updating the United Nations model.

7. The Financing for Development Office of the Department of Economic and Social Affairs had a small programme for capacity development in international tax cooperation that implemented activities on the basis of a unique collaborative engagement among the Governments of developing countries, members of the Tax Committee and the relevant international and regional organizations. That demand-driven and country-owned programme had evolved from disseminating manuals and training courses to focusing on the development of practical tools, such as the recently issued *United Nations Handbook on Selected Issues in Protecting the Tax Base of Developing Countries* (known as "the Purple Book"). The Handbook analysed major shortcomings of existing international tax norms and went on to address other topics, including taxation of cross-border services and of capital gains realized by non-residents. The Financing for Development Office was in the process of developing portfolios based on that handbook that were designed to assist developing country tax officials to better understand and address base erosion and profit shifting. Several country-level pilot programmes utilizing those portfolios would be launched in 2016.

8. **Professor Rosenbloom** (James S. Eustice Visiting Professor of Practice and Taxation and Director, International Tax Program, New York University School of Law) said that international taxation was extremely complex, resistant to generalities and subject to a great deal of misinformation. Because large amounts of money were at stake, there were many competing agendas. Despite the long history of international tax cooperation, there was no such thing as an international tax system or a supranational supervisory body. OECD had led the effort to promote cooperation in cross-border tax matters, with a focus on double taxation tax treaties, and had recently launched a major initiative on base erosion and profit shifting that, at the very least, had raised awareness of that issue.

9. It was well recognized that States had a legitimate right to tax persons residing or incomes generated in their territories for the purpose of defraying Government expenses from which taxpayers received benefits. Income tax was the best and fairest form of taxation. The goals of any income tax system were efficiency, fairness and simplicity. Where those goals were in conflict, different jurisdictions made different choices, and in a globalized world, taxpayers had learned to take advantage of those differences.

10. The United Nations had an important role to play in overcoming the powerful national forces that militated against international tax cooperation and in helping developing countries deal responsibly and effectively with taxpayers from outside their borders whose income fell within their jurisdictions. One function that the United Nations was particularly well placed to perform was that of education, perhaps in the form of establishing a scholarship programme aimed at training tax personnel in developing countries. Another was to serve as a clearing house for tax experts around the world who might be available to render services to developing countries. The United Nations was also better positioned than any developed country to play the role of arbitrator in disputes.

11. **Ms. Perry** (Assistant Director and Chief of the Tax Policy Division, Fiscal Affairs Department, International Monetary Fund (IMF)) said that the IMF Fiscal Affairs Department engaged in over 100 bilateral technical assistance missions per year. More than half of them were supported by country-donor trust funds. IMF had found such trust funds to be an effective means for delivering assistance to low-income countries and was planning to expand their use considerably starting in 2017. In recent years, IMF had taken the lead in developing tools to help countries collect baseline data for assessing their tax administrations and natural resource revenue management. New initiatives on financing for development must avoid duplication. Reporting for reporting's sake only distracted attention from actual needs on the ground. The pledge in the Addis Ababa Action Agenda by high-income countries to double assistance for improvement of tax administration by 2020 was a genuine breakthrough.

12. A key finding of the 2015 report on options for low-income countries' effective and efficient use of tax incentives for investment, prepared jointly by IMF, OECD, the World Bank and the United Nations at the request of the Group of 20 (G-20), was that international competition for investments resulted in a proliferation of tax incentives that had the overall effect of reducing the tax bases of low-income countries. That problem should be addressed by South-South cooperation among the countries involved. There was no simple answer to the question of whether the rules proposed by the OECD base erosion and profit shifting initiative, which had been designed with high-income countries in mind, were appropriate for low-income countries. Indeed, the very adoption of those rules by the high-income countries would actually put pressure on the tax bases of the low-income countries, because if it was harder for investors to avoid taxes on profits generated in low-income countries, they might be less likely to invest in the first place. That made South-South cooperation to avoid destructive competition all the more pressing. A more fundamental problem was that the initiative, as its designers freely admitted, did not address the question of balance of source and residence taxation, which would be a major issue even in the absence of base erosion and profit shifting.

13. Important as cross-border corporate tax issues were, there were a number of other fundamental human capital and infrastructure problems with developing country tax systems that demanded the focus of the relevant international organizations. Implementation of value-added and income taxes in low-income countries must be more efficient, especially for their high-income citizens. Fairer and more efficient tax systems would not only enhance revenue, but also had the potential to promote the confidence of citizens in governance.

14. **Ms. Moreno-Dodson** (Lead Economist for Tax Policy, Macro and Fiscal Management Global Practice, World Bank) said that because they lacked technical capacity, developing countries were performing below their revenue potential and were struggling to follow up many of the initiatives being proposed internationally. Their revenue potential was in part limited by structural constraints in their economies, a lack of diversification and institutional failures; those were obstacles that were difficult to remove over time, and for which the World Bank provided overall assistance. However, the low capacity of developing countries to generate fiscal revenue was also due to deficiencies in the design and implementation of their tax systems and the functioning of their tax administrations.

15. In addition, some of the issues faced by developing countries related to tax base erosion originated in other countries, triggered by forces beyond their control. Problems that were created at the global level required a global response. Neither developing countries nor the regions surrounding them could resolve transnational tax issues on their own, including issues related to tax incentives, the taxation of natural resource industries, or source and residence taxation.

16. She welcomed United Nations initiatives and the fact that the Sustainable Development Goals and the global financing agenda were paying more attention to domestic resource mobilization than ever before. The World Bank would share its tools with all willing partners, including not only technical assistance but also its convening power to bring developing countries to the table to build capacity and harmonize policies.

17. The World Bank and IMF were discussing the possibility of signing a framework to provide assistance on tax policy to developing countries; the framework would be more comprehensive and predictable, and would address inconsistencies between domestic and international tax issues that were not addressed in the OECD Action Plan on Base Erosion and Profit Shifting. The World Bank also planned to allocate more resources to build capacity in developing countries, and to help expand their dialogue with multinationals and international institutions. The new framework should introduce some sector-specific taxation, including taxes on pollution (green taxes), corrective taxes on alcohol and tobacco and telecommunications taxes. The aim was to improve income distribution and generate fiscal revenue without distorting economic activity.

18. Solutions should be developed collectively, rather than proposed unilaterally. Existing partnerships between the United Nations, IMF and other tax organizations, including regional tax organizations, must be strengthened. The World Bank's global network of distance learning could be used for capacity-building and to improve South-South exchanges.

19. As a result of the OECD Action Plan, there was now greater awareness than ever about issues of base erosion and profit shifting and about how decisions made in developed countries affected developing

countries. She noted that under the newly adopted rules regarding base erosion and profit shifting, multinationals would start reporting on a country-by-country basis. That was a welcome step in the right direction, ensuring that developed countries could lead by example rather than pressuring developing countries to be the first to adopt new standards. Analysing the outcome of country-by-country reporting would increase transparency as well as the ability of developing countries to respond.

20. Speaking in her personal capacity, she said that it would perhaps be possible to imagine a profit split method designed especially for developing countries. While it was not clear whether that would benefit developing countries, it was worth considering.

21. Further work was necessary to improve bilateral treaties and help countries make decisions at the regional and multilateral level. Inspiration could be drawn from the Economic Community of West African States (ECOWAS), where similar tax issues were resolved much more efficiently at the regional level than at the country level.

22. **Ms. Hurley** (Policy Specialist on Development Finance, Bureau for Policy and Programme Support, United Nations Development Programme (UNDP)) said that the third International Conference on Financing for Development had rightfully emphasized the need for developing countries to significantly increase domestic resource mobilization. National Governments had committed to strengthening their tax systems and making them more efficient, fair and transparent, while the international community had also pledged to support domestic resource mobilization in developing countries by increasing ODA for capacity-building in tax administration.

23. At the Addis Ababa Conference, UNDP had collaborated with the Organization for Economic Cooperation and Development to launch Tax Inspectors Without Borders, a programme which aimed to build the capacities of developing countries with regard to tax audits and audit-related issues. While tax avoidance and evasion affected countries at all income levels, it was especially problematic for countries with weak administrative capacities in the tax sector. The programme would deploy currently serving or recently retired tax audit experts to work alongside local officials in developing countries to help with pre-audit risk assessment and case selection, investigative techniques, audit cases involving transfer pricing issues, anti-avoidance rules and sector-specific challenges, such as those related to natural resources and extractive industries. Experts would be deployed from both developed and developing countries, thus giving the programme an important South-South dimension.

24. OECD had recently concluded the programme's pilot phase, which had produced promising and encouraging results and revealed that demand from developing countries for tax audit assistance was high. That area of technical assistance had been largely overlooked, despite its potential for high impact at low cost. Pilot programmes in Kenya, Colombia and Viet Nam had shown a substantial increase in revenues, while the cost of the technical assistance provided had remained quite low.

25. In the initial phase, OECD had not been able to take the programme to scale because it had no presence at the country level. Its collaboration with UNDP was therefore very helpful, as UNDP possessed local knowledge and could determine country-specific needs and ensure access to the most appropriate technical assistance on tax audits. Such collaboration would also ensure that Tax Inspectors Without Borders was complementary to other initiatives already under way. She expressed the hope that the programme, which was scheduled to become operational in early 2016, would make a valuable contribution to domestic resource mobilization efforts in developing countries and help those countries make progress towards achieving the new Sustainable Development Goals.

26. However, Tax Inspectors Without Borders was just one small niche programme, intended to make a practical contribution towards raising more domestic resources for development; it was not a substitute for a more inclusive international policy discussion on tax cooperation.

27. While domestic resource mobilization was viewed as the single most important source of revenue for achieving the Sustainable Development Goals, it was not a panacea. All sources of finance — including domestic, external, public and private sources — would be crucial to achieving the Goals. Notwithstanding the important progress made by developing countries to increase domestic resource mobilization, significant challenges still remained for certain countries that suffered from severe structural constraints, including least developed countries, landlocked developing countries and small island developing States.

28. In the case of small island developing States, which had small populations thinly dispersed over wide areas, domestic resource mobilization was not always practical or cost-effective. The marginal cost of providing citizens with services could therefore be much higher on a per capita basis. Although the key investments such countries had to make might not seem expensive in absolute terms, they were extremely high when measured as a proportion of GDP, and therefore in some cases unlikely to attract private investment with no prospect of economic return, or limited ones at best. Development aid and international public finance would therefore be crucial for developing countries in the post-2015 period and necessary to fulfil the 2030 Agenda and leave no one behind.

29. **Mr. Ilunga** (Senior Policy Advisor, Tax and Extractive Industries, Oxfam America) said that although Oxfam and many of its civil society partners recognized the efforts made to deliver the OECD Action Plan on Base Erosion and Profit Shifting, his organization believed that was merely a first step towards reforming the global tax system. Increased capacity-building and strengthened international cooperation on tax issues still remained to be addressed.

30. All stakeholders must recognize the centrality of administration capacity-building for domestic resource mobilization in developing countries. While many of those countries formulated fiscal policies with clear investment attraction objectives in mind, they rarely gave adequate consideration to administrative skills, systems, and processes for Governments to effectively and efficiently administer revenue collection. Fiscal regimes were only as effective as the combined administrative capacity of the government institutions charged with enforcement.

31. Tax authorities in developing countries often lacked the capacity to assess the complex and evolving tax planning structures of large multinationals; even developed countries with state-of-the-art tax administrations and well-established capacities struggled to stop multinational companies from dodging taxes. While a one-size-fits-all approach was not applicable to reform tax administration, given countries' different sizes and the varying industries and sectors that generated the largest percentage of their revenue, there were key aspects that were indispensable for capacity-building. Tax administrations must have adequate resources in terms of manpower and infrastructure, as well as an appropriate organizational structure. One of the major challenges in developing countries was the problem of decentralized administration. Although some institutions championed a one-stop shop with regard to extractive industries for the purpose of facilitating macroeconomic planning and simplifying the revenue collection process, centralized revenue collection and redistribution through budgetary processes did not always result in fair distribution to regions that experienced the direct impact of mining or oil operations. Considering that countries had scarce resources for funding tax agencies, the creation of centres of excellence on a sector-by-sector basis — (the Tanzanian Mineral Audit Agency was one example) — should be envisioned.

32. Clear accountability was needed for the functions allocated to specific ministries and revenue agencies, regardless of the structure of a given tax administration or how its capacity needs had been addressed. An institutional cooperation and coordination body with the mandate to train revenue collections agencies was necessary to address tax issues effectively and efficiently. Although the Tax Inspectors Without Borders initiative seemed promising, it was too early to draw conclusions regarding its effectiveness and efficiency. Despite the existence of 3,000 bilateral treaties, bilateral cooperation alone was not sufficient to substantially reduce tax avoidance and evasion. And while the Addis Ababa Action Agenda had stressed that efforts in international cooperation must be universal in scope and approach, the exchange of information measures proposed in the Action Plan on Base Erosion and Profit Shifting did not go far enough.

33. There were still issues that remained to be addressed, such as improving transparency through the compulsory spontaneous exchange of information on certain rulings. Multinationals from the United States often booked large profits in countries known for offering tax rulings that provided low effective taxation, such as Ireland, the Netherlands, Luxembourg and Switzerland. It had often been argued that those countries were well versed in simply replacing one loophole with another, creating new low-tax environments that also brought a risk of profit shifting.

34. In addition, the Action Plan stipulated that the information exchange requirement would apply to certain information concerning rulings, but not the rulings themselves. It appeared that rulings would remain confidential, with only certain parts disclosed, which could lead to multiple interpretations by tax

administrations. Finally, the information exchange should not only apply to future rulings, but also to rulings that were issued on or after 1 January 2010 and were still in effect as from 1 January 2014.

35. Developing countries were not likely to benefit from the Action Plan's country-by-country reporting requirements, which had to be filed in the jurisdiction of tax residence of the ultimate parent entity and shared between jurisdictions through automatic exchange of information, pursuant to government-to-government mechanisms under the multilateral Convention on Mutual Administrative Assistance in Tax Matters, bilateral tax treaties or tax information exchange agreements. While the Action Plan proposed that only companies with a turnover above 750 million euros produce country-by-country reports, in some smaller developing countries, multinationals below that threshold might still be among the largest foreign investors. Moreover, as companies' reports would only be filed with the tax authorities of the country where their headquarters were located, other countries would have to rely on information exchange to obtain the reported data, which was likely to make the system complex and less efficient. It was also likely that most developing countries without tax agreements in place with the United States — and therefore no legal basis for the exchange of confidential tax information — would have no access to information for multinationals based there.

36. Although current proposals represented progress, they were not enough. A second-generation reform process was urgently needed to tackle a number of key issues that had not been addressed — or had not been fully addressed — by the OECD base erosion and profit shifting process, and for a more legitimate and representative dialogue inclusive of all Governments, where all countries had a say in the tax rules that affected them.

37. **Mr. Mensah** (Assistant Commissioner, Ghana Revenue Authority, and member of the United Nations Committee of Experts on International Cooperation in Tax Matters) speaking via video link from Accra, said that domestic resource mobilization was crucial to achieving the sustainable development goals laid out in the Addis Ababa Action Agenda. Many developing countries, including in Africa, relied on overseas development aid for infrastructure development or to balance their annual budgets. Following the global financial crisis, that aid appeared to have diminished considerably, leading to sociopolitical instability. At that point, many developing countries had shifted their focus to assessing commercial loans from the international financial markets. Ghana's national debt portfolio was currently approaching 70 per cent of GDP, a situation which had dire consequences for macroeconomic stability, as evidenced by the very poor performance of the country's currency.

38. Even though many developing countries must revamp their tax systems and methods of administration, it was exceptionally difficult to do so owing to their serious lack of capacity in the relevant areas. As tax administrations in many African countries were small and understaffed, often by non-tax officers, technical assistance to develop viable tax policy and strengthen tax administrations was crucial.

39. The tax administrations of developing countries needed improved technical capacities in the areas of tax audit, transfer pricing and treaty negotiations in order to engage in international tax matters with other actors, such as multinational enterprises and other tax jurisdictions, as well as to protect their tax base and better mobilize their domestic resources. He and his team of treaty negotiators had learned from experience the importance of such measures, and were now better able to engage the tax system thanks to capacity-building programmes provided by the international tax community, particularly the United Nations, the Organization for Economic Cooperation and Development and the African Tax Administration Forum.

40. The OECD Action Plan on Base Erosion and Profit Shifting was brilliant in tackling tax avoidance and evasion, but was tailored to the developed economies and did nothing to change the international rules. Developing countries lacked capacity in tax treaty negotiation and treaty policy, and taxation rights allocation was heavily skewed in favour of residence States, thus clearly benefiting developed countries. If the plan to address base erosion and profit shifting had been an initiative of the developing countries or of Africa, the allocation of taxation rights between source and residence States would have been a higher priority.

41. The automatic exchange of information as envisioned by OECD had great potential for developing countries, but they would not derive any meaningful benefit from it until they had the capacity and systems to adhere to the global standard for such

an exchange of information. The new initiatives did not adequately meet the needs of developing countries, which were arriving at the table of international tax dialogue after the topics for discussion had already been decided.

42. The United Nations Committee of Experts on International Cooperation in Tax Matters, with its balanced membership from both developed and developing countries, had done terrific work thus far, and its various Subcommittees were making notable progress in the areas of domestic resource mobilization, transfer pricing audits and taxation of extractive industries. The OECD Working Parties should be taken as a model for the operations of the Subcommittees. The current collaboration among international organizations on tax matters was welcome, but greater coordination was needed among the development partners, the World Bank, the International Monetary Fund and the United Nations. The Financing for Development Office of the United Nations Department of Economic and Social Affairs had earned the confidence and acceptance of the international community, especially the developing countries, and was regarded as a balanced and competent body. It should be further strengthened and act as a central coordinator of the dialogue with developing countries to ensure that their voices were heard during the debate and formulation of new international tax rules.

Interactive discussion

43. **Mr. Charles** (Trinidad and Tobago), speaking on behalf of the Caribbean Community (CARICOM), said that CARICOM acknowledged that domestic resource mobilization played a role in macroeconomic development, fiscal sustainability and the attainment of sustainable development objectives. CARICOM member States had therefore introduced reforms in the areas of value-added tax and fuel subsidies. Most CARICOM countries had ratified conventions on corruption, some had implemented it in their national legislation, and those that relied on extractive industries were participating in the Extractive Industries Transparency Initiative. However, domestic resource mobilization was hampered by a decline in tax intake in a recessionary environment; lower trade taxes as a result of trade agreements concluded within the framework of the World Trade Organization and with developed country partners; high debt and the concomitant cost of servicing that debt; vulnerability to exogenous shocks; narrow resource bases; and illicit financial flows. CARICOM Governments had to raise tax revenue while providing fiscal incentives to attract foreign direct investment. Consequently, domestic resource mobilization alone was not the solution to the problem of insufficient means of implementation and should be considered in tandem with other sources of financing for sustainable development.

44. CARICOM member States continued to need technical assistance in the areas of budgeting, procurement, debt sustainability and the fight against illicit financial flows. They welcomed the ongoing work by the Organization for Economic Cooperation and Development and the International Tax Compact on instruments for assisting developing countries, especially small island developing States, with domestic resource mobilization. South-South cooperation could also facilitate the sharing of best practices, including in relation to the follow-up and review process of the Addis Ababa Action Agenda.

45. CARICOM member States would work towards comprehensive tax reform and social safety net reform to target assistance to vulnerable groups, and would continue to participate in initiatives in the area of international cooperation in tax matters. Small States such as those in CARICOM were often invited to participate in such initiatives only once the road map or standard had been developed, and not as equal co-drafters of the global standard. That practice must change if a level playing field was to be established. Similarly, implementation timetables should take into account the development realities of small States. Rule-making and norm-setting processes, in particular in the field of taxation, must therefore be conducted in truly representative institutions. The reputation of CARICOM member States had suffered from unacceptable arbitrary blacklisting by other States and in some cases subnational entities within States, as a result of non-inclusive and non-consultative processes. Participation in such decision-making must be accepted as a right, not a privilege. A more inclusive approach would help maintain economic stability and promote domestic resource mobilization in CARICOM countries.

46. The universality and legitimacy of the United Nations ensured that all countries could participate on an equal footing in shaping the global agenda and that a variety of perspectives were taken into account in

international cooperation in tax matters. All other forums were secondary and supplementary to the United Nations. The work of the Committee of Experts on International Cooperation in Tax Matters should be linked directly to the follow-up process on financing for development and more fully integrated into the programme of work of the Economic and Social Council. In particular, the Council, in its coordination and management meetings, should devote greater attention to strengthening intergovernmental participation in the work of the Tax Committee.

47. **Mr. Mminele** (South Africa), speaking on behalf of the Group of 77 and China, said that the Addis Ababa Action Agenda was a good basis for addressing domestic resource mobilization. However, much remained to be done to improve the capacity of developing countries to mobilize resources at the national level. Sustainable economic transformation required an emphasis on education, industrialization, job creation and infrastructure development, and social transformation required improved public services, as reflected in the Sustainable Development Goals. Domestic resource mobilization was primarily the responsibility of national authorities, but equally important was international tax cooperation to strengthen tax systems and address illicit financial flows, capital flight and tax evasion. Linkages should be made with systemic issues, including in international trade, in order to enable greater domestic resource mobilization, which could only be achieved through sustained, inclusive and equitable economic growth. Public domestic financing should be the preserve of national Governments; other forms of financing should reflect the role of Governments in regulating how their development programmes were financed.

48. The traditional definition of global partnership based on North-South cooperation should be maintained, with a reaffirmation of ODA as the main source of international financing for development for many developing countries. Accordingly, developed countries should fulfil their ODA commitments as well as providing debt relief to least developed countries, small island developing States and other developing countries affected by crises such as the 2007-2008 global financial crisis. Furthermore, illicit financial flows drained resources from developing countries, especially in Africa, which was estimated to have lost more than $1 trillion in the previous 50 years. Far from being exclusively the result of criminal activities or corruption, commercial activities accounted for 65 per cent of illicit financial flows, defined as money illegally earned, transferred or used. The term "illicit" was used because it was a fair description of activities that went against established rules and norms, including avoiding legal obligations to pay tax. Those activities — base erosion and profit shifting, abusive transfer pricing, trade mispricing, misinvoicing of services and intangibles, unequal contracts and tax inversion — took advantage of the lack of information and limited capacity of government agencies. Trade mispricing accounted for two thirds of the losses to developing countries.

49. An enabling international environment was needed for developing countries to improve their economic and productive capacities. Similarly, the United Nations should spearhead efforts to assist Member States in achieving sustainable development through job creation and decent work, relying on the tools available to the United Nations development system and a strengthened United Nations Office for South-South Cooperation.

50. The Sustainable Development Goals could not be achieved without reform of global financial and economic governance structures, inter alia, through the implementation of the International Monetary Fund Quota and Governance Reform Package. The International Monetary Fund should have sufficient resources to assist member States facing financial and economic crises. The Group of 77 and China also looked forward to more comprehensive reforms of international financial institutions. Development partners should reinvigorate international development cooperation rather than castigate developing countries for their economic difficulties. The importance of international public financing from developed countries could not, therefore, be overemphasized.

51. **Mr. Babajide** (Observer for the European Union) said that the challenge of expanding and maintaining fiscal space in developing countries lay in ensuring Governments' long-term expenditure commitments and revenues, as capacity constraints were undermining the performance of tax administrations. The European Union had a long record of supporting developing countries in their efforts to secure stable domestic revenues by tackling tax avoidance and evasion and illicit flows, and provided a great deal of direct support for domestic public finance reforms and budget support

programmes to developing countries. The European Commission had recently unveiled its "Collect More — Spend Better" strategy aimed at closing the tax policy and tax compliance gaps. Many international bodies, such as OECD, IMF, the World Bank and the United Nations, were currently addressing the needs of developing countries. The European Union would continue to support the United Nations Committee of Experts on International Cooperation in Tax Matters, as well as regional tax forums and joint initiatives. It also welcomed the prospect of establishing an Asia-Pacific tax forum, and was committed to promoting the participation of developing countries in setting standards of good tax governance at the national and international levels.

52. With regard to countering tax evasion and avoidance, the European Union had been heavily involved in the work of the OECD Action Plan on Base Erosion and Profit Shifting and welcomed the report entitled "Automatic Exchange of Information: A Roadmap for Developing Country Participation". However, some other dimensions of domestic resource mobilization had not been addressed in those plans. It was necessary to ensure that countries reaped the full benefits of their natural resources, as weak administrative capacity to manage those complex tax regimes had led to huge revenue losses in developing countries. To improve governance in the extractive industries, the European Union had taken an approach combining regulatory and voluntary measures aimed at increasing transparency and accountability while fighting corruption. It had contributed to the World Bank's Extractive Industries Transparency Initiative Multi-Donor Trust Fund, which provided technical assistance and grants to countries implementing the Initiative, and it also intended to triple its contribution to the new Extractives Global Programmatic Support mechanism.

53. **Ms. Naeem** (Maldives), speaking on behalf of the Alliance of Small Island States, said that while domestic financing was important for development and domestic resource mobilization was a priority for small island developing States, it could not replace the role of international public finance from developed countries. In addition to being physically small and removed from markets, small island developing States had small populations, narrow resource bases, diseconomies of scale and limited negotiation capacity, which hampered their ability to mobilize domestic resources. It was important to address those deficiencies in reforming the international financial and monetary systems; partner nations and agencies should take into account the specific needs and circumstances of the small island developing States when formulating fiscal policy. Many small island developing States were highly indebted, owing to structural factors such as declining performance of their export sectors, reduced tourism revenues, and economic risks from natural hazards and climate change, all of which also made resource mobilization even more difficult. Greater international cooperation was needed in defining fiscal policies, and international public finance from developed countries must be catalytic in nature. It was disheartening to note that small island developing States received just 5.7 per cent of total official development assistance. ODA, which was central to development financing for those States, must continue to increase. Domestic resources were only a miniscule part of the total resources needed to meet the development aspirations of the small island developing States, and could only be leveraged in combination with other financing mechanisms.

54. **Mr. Abebe** (Ethiopia) said that domestic resource mobilization, a major component of the Addis Ababa Action Agenda, would promote development ownership and enhance the legitimacy of the Governments of developing countries. Its success was contingent on a tax base broadened through sustained inclusive economic growth. Poverty eradication was also a central issue related to domestic resource mobilization, as ensuring prosperity for all would enhance domestic resource revenues. His delegation welcomed structural transformation and economic diversification, which enhanced domestic revenue capacity. Comprehensive national policies would then determine where those revenues were spent — ideally on economic development projects having a maximum impact on eradicating poverty. To that end, tax administration would need to be strengthened through capacity-building, especially for African countries and least developed countries. The concrete initiatives of the Addis Ababa Action Agenda should be fully implemented to improve national tax collection capacities. Although the Agenda had reinforced existing international cooperation on tax matters, greater cooperation was needed at all levels in the area of domestic resource mobilization. ODA was a critical source of financing for many African countries, including Ethiopia, and should be aligned with national

priorities; it should be used to enhance the domestic resource mobilization capacities of the least developed countries. The Economic Commission for Africa, as well as the panellists who had just spoken, had indicated that illicit financial flows were seriously damaging to Africa and needed to be curbed through international cooperation. Those resources could then be channelled into development projects that would help to eradicate poverty.

55. **Mr. Shearman** (United Kingdom) said that there was an overlap between the discussion on domestic resource mobilization and the recent discussion of illicit financial flows. Domestic resource mobilization was key to the implementation of the 2030 Agenda for Sustainable Development and to raising the resources needed to make a success of that Agenda. However, that did not exclude development cooperation and ODA.

56. Tax policy was a matter of national sovereignty but international cooperation would also be needed to provide the environment for domestic resource mobilization at the national level. It had been a feature of his country's presidency of the Group of Eight, where transparency, tax and trade had been the central themes. International tax cooperation should focus in particular on ensuring that multinational corporations paid tax in the country where they were generating their profits. Tax cooperation was politically and technically complex and went to the heart of national control of economic policy and the creation of an enabling business environment. It was important to build on existing initiatives such as the Global Forum on Transparency and Exchange of Information for Tax Purposes and the Action Plan on Base Erosion and Profit Shifting, both of which could be improved, but the best should not be the enemy of the good.

57. His Government was a signatory of the Addis Tax Initiative that committed it to doubling development support for tax- and revenue-related work around the world. It was also working in the Group of 20 to implement emerging international standards, including those that concerned transfer pricing. Units had been established for capacity-building in developing countries, and United Kingdom experts were involved in Tax Inspectors Without Borders. Capacity-building in the reform of national tax systems was not glamorous but it was key to the success of the commitments made in the Addis Ababa Action Agenda. It was also important for developing countries to have a voice in the debates on tax cooperation since that issue affected all countries. Accordingly, the Group of 20 had called on the Organization for Economic Cooperation and Development to increase the involvement of developing countries.

58. **Mr. Labo** (Niger) said that domestic resource mobilization was a delicate issue involving many aspects of taxation, and was especially difficult to address in countries having insufficiently diverse means of economic production. Policies encouraging foreign direct investment included tax concessions that had a considerable impact on public finances, and should be taken into account in the establishment of a cooperation mechanism that would allow countries to mobilize their resources through taxation. His delegation believed that requests made by the least developed countries and, to a certain extent, the landlocked developing countries, regarding a fund to support the encouragement of investment, were well founded. Their insufficient capacities for negotiating international contracts, conventions and concessions, must also be addressed. His delegation agreed with the views expressed by Professor Rosenbloom regarding the role of the United Nations in bilateral agreements, and the taxation of foreign workers. Niger would appreciate more information regarding relevant policies, were they to be implemented, as it was unclear whether bilateral agreements or an international instrument would produce better results.

59. **Professor Rosenbloom** (James S. Eustice Visiting Professor of Practice and Taxation and Director, International Tax Program, New York University School of Law), responding to the comments and questions of delegations, said that the Tax Inspectors Without Borders joint project was very consistent with his own views on the matter. The United Nations was well placed to review requests for assistance to relevant countries and to provide it to them. However, domestic talent and awareness of international taxation were just as important as receiving assistance from abroad. Individuals educated in the issues should spend a meaningful amount of time training colleagues in their respective national Governments, as retaining domestic talent was the only long-term solution.

60. **Ms. Perry** (Assistant Director and Chief of the Tax Policy Division, Fiscal Affairs Department, International Monetary Fund (IMF)) said that greater engagement by the lower-income developing countries was needed in order to work out appropriate solutions for them. Additionally, there was a need for more "help

on the ground", which was related to the work of IMF and the expansion of its trust funds.

61. **Ms. Moreno-Dodson** (Lead Economist for Tax Policy, Macro and Fiscal Management Global Practice, World Bank) said that efforts to introduce a "second generation of reforms" should be pragmatic. There was no substitute for building capacities at the local level; she looked forward to further cooperation at the international level in order to achieve that.

62. **Ms. Hurley** (Policy Specialist on Development Finance, Bureau for Policy and Programme Support, United Nations Development Programme (UNDP)), said that all sources of finance — domestic and external, public and private — were critical to the achievement of the Sustainable Development Goals, and a more coherent and integrated approach to financing for development was needed. The quality of the resources mobilized, and how they were used, were just as important as quantity.

63. **Mr. Ilunga** (Senior Policy Adviser, Tax and Extractive Industries, Oxfam America) said that citizens all over the world, who paid their fair share of taxes and expected the money to be used to build roads, hospitals and schools, were victims of tax dodging by international corporations. Oxfam and its civil society organization partners were committed to raising awareness of the relevant issues in both developing and industrialized countries.

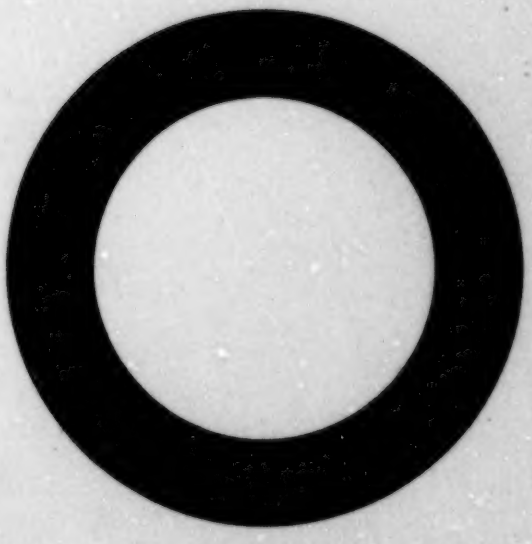
Closing statements

64. **Mr. Logar** (Co-Chair) said that domestic resource mobilization, and taxation in particular, were key to achieving the Sustainable Development Goals. Taxes were a stable source of finance and fostered the engagement of citizens with the State, and vice versa. Official development assistance did not focus sufficiently on capacity-building in the revenue and customs sector. However, with the Addis Ababa Action Agenda, the significance of taxation as a source of development finance was expected to increase and new initiatives in that area should be calibrated to the needs and priorities of developing countries.

65. The Governments of both developed and developing countries were striving to tax the value created in their jurisdictions; yet, many multinational companies were exploiting international tax arbitrage and aggressive tax planning. The flow of information between countries for the purpose of countering tax avoidance and evasion should nevertheless be balanced with the need for confidentiality. Capacity development to analyse that information would be vital to unlocking domestic resources for development, especially in developing countries, which were harder hit by base erosion and profit shifting and whose realities needed to be taken into account in discussions concerning international tax norms and standards. Fair and effective taxation was necessary for sustainable development, and a development dimension was key to norms and standards in that area.

66. **Mr. Oh Joon** (Co-Chair) said that the meeting had highlighted the contributions of international organizations and underscored the need for strong cooperation among those involved in taxation. The call for cooperation on the matter to be universal in approach and scope, as laid out in the Addis Ababa Action Agenda, would be an important guiding light for the future work of both the Economic and Social Council and the United Nations Committee of Experts on International Cooperation in Tax Matters. The collaboration of the international community was driven by its aspirations to achieve the Sustainable Development Goals and its recognition of the importance of tax systems that inspired public confidence.

The meeting rose at 12.50 p.m.



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Summary record of the 31st meeting
Held at Headquarters, New York, on Thursday, 12 November 2015, at 3 p.m.

Chair: Mr. Logar ..... (Slovenia)

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Organization of work

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The meeting was called to order at 3.10 p.m.

Organization of work

1. **Mr. Gustafik** (Secretary of the Committee) said that a survey had been distributed to Committee members pursuant to the request of the Committee for Programme and Coordination, which had recommended that the General Assembly request the Secretary-General to include in future programme performance reports comprehensive information on the impact of the reduction in the number of printed documents on the intergovernmental decision-making process in United Nations conferences and meetings. The survey was to be returned to the Committee for Programme and Coordination with specific and quantifiable data collected from delegations at the current meeting.

Agenda item 18: Macroeconomic policy questions (*continued*)

(d) Commodities (*continued*) (A/C.2/70/L.25)

Draft resolution on commodities (A/C.2/70/L.25)

2. **Mr. Marobe** (South Africa), introducing draft resolution A/C.2/70/L.25 on behalf of the Group of 77 and China, said that the Group was deeply concerned by the fact that many commodity-dependent developing countries continued to be highly vulnerable to price fluctuations and still battled with the after-effects of the 2007-2008 global financial crises. Developing countries remained vulnerable to external shocks and thus needed international support to overcome such obstacles. Excessive commodity price volatility must be addressed, in particular by assisting producers, especially small-scale producers, to manage risks in accordance with their national plans and policies.

Agenda item 20: Sustainable development (*continued*)

(e) Implementation of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (*continued*) (A/C.2/70/L.26)

Draft resolution on implementation of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (A/C.2/70/L.26)

3. **Mr. Marobe** (South Africa), introducing draft resolution A/C.2/70/L.26 on behalf of the Group of 77 and China, said that the effective curtailing of land degradation and desertification would have a huge impact on countries' sustainable development efforts. Addressing that challenge would also curb associated factors such as forced migration and potential fighting over resources in degraded areas.

4. The draft resolution called on the international community to provide scientific, technical and financial assistance to affected countries. Assistance in combating land degradation, desertification and drought would steer those countries towards achieving the goal on eradicating poverty.

Agenda item 23: Groups of countries in special situations (*continued*)

(b) Follow-up to the second United Nations Conference on Landlocked Developing Countries (*continued*) (A/C.2/70/L.27)

Draft resolution on follow-up to the second United Nations Conference on Landlocked Developing Countries (A/C.2/70/L.27)

5. **Mr. Marobe** (South Africa), introducing draft resolution A/C.2/70/L.27 on behalf of the Group of 77 and China, said that landlocked developing countries faced special development challenges owing to their landlockedness and geographical constraints. Persistent difficulties in addressing the structural challenges stemming from their geographical disadvantages inhibited their full participation in global production networks and isolated them from global markets.

6. The draft resolution sought to build on the outcomes of previous United Nations conferences on landlocked developing countries, the most recent one being the Vienna Programme of Action for the

Landlocked Developing Countries for the Decade 2014-2024. It also urged the international community to support the implementation of the Programme of Action.

Agenda item 22: Globalization and interdependence (*continued*)

(b) Science and technology for development (*continued*) (A/C.2/70/L.4)

Draft resolution on the International Day of Women in Science (A/C.2/70/L.4)

7. **Mr. Mansfield** (Malta), introducing draft resolution A/C.2/70/L.4, said that Armenia, Costa Rica, Croatia, Cuba, Cyprus, Ethiopia, Kazakhstan, Monaco, Nicaragua, Panama, Poland, Rwanda, Singapore, Slovenia, Sri Lanka, the former Yugoslav Republic of Macedonia and Tunisia had joined as sponsors.

8. The draft resolution sought to create a global focus on the important role of women in scientific fields and increase their participation. While there had been a number of gender-specific awards and prizes in the sciences, greater focus on women and girls in the sciences was necessary. In particular, girls required special encouragement and role models to pursue scientific careers.

9. The 2030 Agenda for Sustainable Development, which aimed to correct negative trends in global development and sustain a productive life for all, would not be achieved unless women were given ample opportunities to participate and excel in science, technology and other related fields such as education, health, economics and engineering.

10. While women constituted half of humanity, even in developed countries with ready access to higher education, there remained fewer women in the sciences than men. While national capacities differed in establishing the support needed for greater involvement of women in scientific endeavours, the concept of an International Day would serve to promote those women already in scientific fields and encourage other women and girls to follow suit. Science was essential to the development and prosperity of humanity, and scholarship devoid of the vibrancy that resulted from the inclusion of a wider pool of abilities, viewpoints and working methods would be unsatisfactory.

11. **In informal informal consultations** on the draft resolution, all paragraphs had been agreed upon except those related to horizontal language on the Addis Ababa Action Agenda and the 2030 Agenda. A discussion had also taken place on the need to streamline the proclamation of international days, as they had increased substantially over the past years.

12. **The Chair** said that Lebanon, Lesotho, Madagascar, Mali, Togo and Ukraine had joined as sponsors.

Agenda item 27: Towards global partnerships (*continued*) (A/C.2/70/L.24)

Draft resolution entitled "Towards global partnerships: a principle-based approach to enhanced cooperation between the United Nations and all relevant partners (A/C.2/70/L.24)

13. **Mr. Flies** (Luxembourg), introducing draft resolution A/C.2/70/L.24 on behalf of the European Union and its member States, said that member States had recognized the role of the private sector, civil society, academic and philanthropic organizations in the implementation of the 2030 Agenda and in achieving sustainable development. The 2030 Agenda called on all businesses to apply creativity and innovation to solving sustainable development challenges and fostering a dynamic private sector while protecting labour rights and environmental and health standards in accordance with relevant international standards, including the Guiding Principles on Business and Human Rights. All private sector actors must commit to respecting and supporting agreed values.

14. The draft resolution was largely a procedural update guided by the 2030 Agenda. It focused on partnerships involving United Nations agencies, funds and programmes and the United Nations Global Compact. It stressed that partnerships of the United Nations should support the implementation of United Nations values and principles, and incorporated considerations about the working methods and future agenda of the Second Committee.

15. **The Chair** said that Albania, the Republic of Moldova and Ukraine had joined as sponsors.

Agenda item 18: Macroeconomic policy questions (*continued*)

(a) International trade and development (*continued*) (A/C.2/70/L.2)

Draft resolution on unilateral economic measures as a means of political and economic coercion against developing countries (A/C.2/70/L.2)

16. **Mr. Marobe** (South Africa), speaking on behalf of the Group of 77 and China, introduced the following oral revision to paragraph 4 of draft resolution A/C.2/70/L.2: "Requests the Secretary-General to monitor the imposition of unilateral economic measures as a means of political and economic coercion[....]".

17. **The Chair** said that the draft resolution had no programme budget implications and that the Russian Federation had joined the sponsors of the draft resolution, as orally revised.

18. *A recorded vote was taken.*

In favour:

Afghanistan, Algeria, Angola, Antigua and Barbuda, Argentina, Armenia, Azerbaijan, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belize, Benin, Bhutan, Bolivia (Plurinational State of), Botswana, Brazil, Brunei Darussalam, Burundi, Cabo Verde, Cambodia, Cameroon, Central African Republic, Chile, China, Colombia, Congo, Costa Rica, Côte d'Ivoire, Cuba, Djibouti, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Ethiopia, Fiji, Gabon, Ghana, Grenada, Guatemala, Guinea, Guyana, Haiti, Honduras, India, Indonesia, Iran (Islamic Republic of), Iraq, Jamaica, Jordan, Kazakhstan, Kenya, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Lebanon, Lesotho, Libya, Madagascar, Malawi, Malaysia, Maldives, Mali, Mauritania, Mauritius, Mexico, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nauru, Nepal, Nicaragua, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Qatar, Russian Federation, Rwanda, Saint Kitts and Nevis, Samoa, Saudi Arabia, Senegal, Sierra Leone, Singapore, Solomon Islands, South Africa, Sri Lanka, Sudan, Suriname, Swaziland, Syrian Arab Republic, Tajikistan, Thailand, Timor-Leste, Togo, Tonga, Trinidad and Tobago, Tunisia, Tuvalu, United Arab Emirates, Uruguay, Uzbekistan, Venezuela (Bolivarian Republic of), Viet Nam, Yemen, Zambia, Zimbabwe.

Against:

Israel, United States of America.

Abstaining:

Albania, Andorra, Australia, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Micronesia (Federated States of), Monaco, Montenegro, Netherlands, New Zealand, Norway, Palau, Poland, Portugal, Republic of Korea, Republic of Moldova, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, the former Yugoslav Republic of Macedonia, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland.

19. *Draft resolution A/C.2/70/L.2, as orally revised, was adopted by 117 votes to 2, with 51 abstentions.*

20. **Ms. Derderian** (United States of America) said that her country believed that each Member State had the sovereign right to decide how it conducted trade with other countries, including by restricting trade in certain circumstances. Economic sanctions, whether unilateral or multilateral, were often a successful means of achieving foreign policy objectives. The United States considered its sanctions carefully and used them with specific objectives in mind, including as a means to promote a return to the rule of law or democracy, out of respect for human rights and fundamental freedoms, or in response to threats to international security. The United States was within its rights in using its trade and commercial policy as tools for noble objectives. In effect, the draft resolution sought to limit the international community's ability to respond by non-violent means to threats to democracy, human rights or global security. The United States had therefore requested a recorded vote on the draft resolution and voted against it.

21. **Mr. Flies** (Luxembourg), speaking on behalf of the European Union and its member States, said that unilateral economic measures should respect the principles of international law and the international contractual obligations of the State applying them, together with the rules of the World Trade

Organization, where applicable. Such measures were admissible in certain circumstances, in particular to combat terrorism and the proliferation of weapons of mass destruction and to uphold respect for human rights, democracy, the rule of law and good governance. The European Union remained committed to the use of sanctions as part of an integrated, comprehensive policy approach, which should include political dialogue, incentives, conditionality and even, as a last resort, coercive measures in accordance with the Charter of the United Nations.

22. It was understood that the oral revision introduced to the draft resolution would not lead to additional costs to be borne by the United Nations system. The adoption of the resolution did not preclude the outcomes of the discussion on the revitalization of the work of the Second Committee, in particular as they related to requests for agenda items and reporting, in order to ensure the relevance, effectiveness and efficiency of the Committee, especially in the context of the 2030 Agenda and the Addis Ababa Action Agenda.

23. It was regrettable that the resolution denouncing unilateral measures had been put to a vote in a unilateral manner, with no attempt to engage in negotiations. It was hoped that future Second Committee resolutions would be agreed upon in the spirit of consensus that had characterized the major outcomes of the 2030 Agenda and the Addis Ababa Action Agenda.

24. **Ms. Ravilova-Borovik** (Russian Federation), making a general statement after the voting, said that her delegation had firmly and consistently opposed the introduction of unilateral economic measures against developing countries. Such measures were a direct violation of the principles of the Charter of the United Nations, the standards of international law and the rules of the multilateral trading system. They undermined the very right of States to their own development, preventing them from fulfilling their obligation to ensure the well-being of their populations. Long-term use of such measures could also lead to serious humanitarian crises. The application of such measures dealt a serious blow to important sectors of the economy and had a negative impact on the rate of economic growth and on production levels. They reduced employment opportunities and income while increasing the price of basic commodities, primarily medicines and everyday items. Their long-term application could also lead to serious humanitarian crises.

25. She noted with regret that the unilateral application of such measures had not decreased, despite the fact that every year, the General Assembly condemned the practice. Attempts at political coercion through the use of sanctions, trade embargoes, and other measures were not only carried out against developing countries: the imposition of unilateral sanctions circumventing the Charter had almost become the norm. Countries employing such methods blatantly violated the principles of their own political ends, but also to remove competitors from the marketplace. The extraterritorial consequences of unilateral sanctions also impeded regional economic cooperation, a recognized mechanism for achieving global sustainable development.

26. Guided by such considerations, her delegation had sponsored the draft resolution and called on the countries imposing such measures to refrain from doing so, and from standing in the way of developing countries' efforts to improve the living conditions of their people and thereby achieve progress.

27. **Mr. Jawhara** (Syrian Arab Republic), making a general statement after the voting, said that his delegation regretted that the resolution had not been adopted by consensus, in particular since it followed both the letter and the spirit of the 2030 Agenda, which had been agreed upon unanimously. He denounced any justification of international behaviour that violated international law, the principles of the multilateral trading system and the sovereignty of States as upheld in the Charter of the United Nations.

28. His country was currently struggling under systematic terrorism, and the unilateral economic sanctions imposed on it were preventing the implementation of humanitarian and emergency plans, as well as causing major price inflation and the failure of basic services.

29. It was regrettable that certain delegations had attempted to justify the use of such measures on the pretext of combating terrorism, protecting human rights or promoting good governance. He wondered what relationship sanctions in the energy sector and financing had to furthering those goals. He would have hoped that those delegations would have voted in favour of the draft resolution in compliance with the

2030 Agenda, which condemned such international behaviour.

Agenda item 20: Sustainable development (*continued*) (A/C.2/70/L.14)

Draft resolution on oil slick on Lebanese shores (A/C.2/70/L.14)

30. **The Chair** said that draft resolution A/C.2/70/L.14 had no programme budget implications.

31. **Mr. Amer** (Israel), speaking in explanation of vote before the voting, said that the Second Committee was once again being side-tracked from its important work to satisfy the political, counterproductive and distorted agenda of one party to a conflict. The draft resolution presented a distorted and unbalanced narrative of what had happened in 2006. It failed to mention that the conflict had been initiated by Hizbullah, a terrorist organization that had acted with impunity in kidnapping Israeli soldiers and was now part and parcel of the Lebanese Government. The text also neglected to mention that over 4,000 rockets had been fired at towns and villages in northern Israel, causing over 800 forest fires and destroying 16,500 acres of forest and grazing land and around 1 million trees. The draft resolution likewise did not account for the extensive cooperation between Israel and the United Nations Development Programme, other United Nations agencies and non-governmental organizations addressing the environmental situation along the coast of Lebanon.

32. The proponents of the draft resolution did not care about environmental issues and sustainable development, but rather about fostering a false narrative that made the victim into the aggressor and vice versa. That set a worrying precedent for other States to act aggressively against their neighbours and then seek compensation for damages when those victims acted in self-defence.

33. Although the oil slick on the Lebanese coast no longer existed, that did not seem to interfere with the political machinations of those who exploited every possibility to promote an anti-Israel agenda in the Committee and beyond. The draft resolution became increasingly out of place with every year that it was tabled. His delegation had therefore requested a vote and would vote against it.

34. *A recorded vote was taken.*

In favour:

Afghanistan, Albania, Algeria, Andorra, Angola, Antigua and Barbuda, Argentina, Armenia, Austria, Azerbaijan, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belgium, Belize, Benin, Bhutan, Bolivia (Plurinational State of), Bosnia and Herzegovina, Brazil, Brunei Darussalam, Bulgaria, Burundi, Cabo Verde, Cambodia, Chile, China, Colombia, Congo, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Cyprus, Czech Republic, Democratic People's Republic of Korea, Denmark, Djibouti, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Estonia, Ethiopia, Fiji, Finland, France, Gabon, Georgia, Germany, Ghana, Greece, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Hungary, Iceland, India, Indonesia, Iran (Islamic Republic of), Iraq, Ireland, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Latvia, Lebanon, Libya, Liechtenstein, Lithuania, Luxembourg, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mauritius, Mexico, Monaco, Mongolia, Montenegro, Morocco, Mozambique, Myanmar, Namibia, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Saint Kitts and Nevis, Samoa, San Marino, Saudi Arabia, Senegal, Serbia, Sierra Leone, Singapore, Slovakia, Slovenia, Solomon Islands, Somalia, South Africa, Spain, Sri Lanka, Sudan, Suriname, Sweden, Switzerland, Syrian Arab Republic, Tajikistan, Thailand, the former Yugoslav Republic of Macedonia, Timor-Leste, Togo, Trinidad and Tobago, Tunisia, Turkey, Ukraine, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, Uruguay, Uzbekistan, Venezuela (Bolivarian Republic of), Viet Nam, Yemen, Zambia, Zimbabwe.

Against:

Australia, Canada, Israel, Marshall Islands, Micronesia (Federated States of), Nauru, Palau, United States of America.

Abstaining:

Cameroon, Central African Republic, Papua New Guinea, Tonga, Tuvalu.

35. *Draft resolution A/C.2/70/L.14 was adopted by 159 votes to 8, with 5 abstentions.*

36. **Mr. Abbas** (Lebanon) making a general statement after the voting, said that for the 10th consecutive year, the Second Committee had voted overwhelmingly in favour of the resolution, acknowledging the serious adverse environmental, economic and health-related implications of the oil slick in Lebanon as a consequence of the Israeli bombing of El-Jiyeh electric power plant in 2006. The resulting oil spill had entirely covered the Lebanese coastline and also affected the country's neighbours and a significant surface area of the eastern Mediterranean Sea.

37. Once again, the General Assembly had reiterated the request that the Government of Israel assume responsibility and provide prompt and adequate compensation. According to the report of the Secretary-General contained in A/70/291, compensation for damages would amount to US$856.4 million. The draft resolution reaffirmed the international community's commitment to upholding international law, in particular the purposes and principles of the Charter of the United Nations, as well as the rules and principles of international environmental law. The draft resolution carried special significance within the context of the adoption of the 2030 Agenda, which, inter alia, claimed to promote and ensure respect for international environmental law. The draft resolution asserted the will of the overwhelming majority of the international community to hold countries responsible for international wrongful acts. Lebanon would continue to mobilize all resources necessary and resort to all legal means to ensure that the resolution was fully implemented and compensation was promptly provided.

Agenda item 64: Permanent sovereignty of the Palestinian people in the Occupied Palestinian Territory, including East Jerusalem, and of the Arab population in the occupied Syrian Golan over their natural resources (*continued*) (A/C.2/70/L.21)

Draft resolution on permanent sovereignty of the Palestinian people in the Occupied Palestinian Territory, including East Jerusalem, and of the Arab population in the occupied Syrian Golan over their natural resources (A/C.2/70/L.21)

38. **The Chair** said that the resolution contained no programme budget implications and that Turkey had joined the list of sponsors.

39. **Mr. Marobe** (South Africa) introduced a correction to the second footnote of the draft resolution.

40. **Mr. Amer** (Israel), speaking in explanation of vote before the voting, said that once again the important work of the Second Committee had been side-tracked by those who preferred to exploit the Committee for their own political agendas and remain in their comfort zone of Israel-bashing, rather than doing the difficult work of finding solutions, compromising and striving for reconciliation.

41. The draft resolution was based on a report of the Economic and Social Commission for Western Asia that embodied everything that a United Nations report should not be: it was one-sided, economical with the truth, factually lacking and selective in its data and analysis. Both the report and the draft resolution ignored the fact that Gaza was controlled by a terrorist organization, which divided its time and resources between attacking Israeli civilians (as had been the case in the 2014 conflict), violating the human rights of its own people, and misusing the financial resources at its disposal.

42. Unfortunately, the draft resolution did not contain any prescriptive elements calling for the conflict to be solved through direct negotiations that were based on a willingness to compromise, the promotion of reconciliation and the rejection of hatred and incitement.

43. The annual ritual of Israel-bashing and pro-Palestinian lip service was in fact a disservice to the Palestinians, and served only those who preferred continued conflict, division and unilateralism. The fact that it was the only conflict discussed in the Second

Committee illustrated that the proponents of the draft resolution were only concerned with perceived political gain, rather than finding solutions for the mutual advantage of Israelis and Palestinians alike. His delegation had therefore requested a vote and would vote against the resolution.

44. **Mr. Flies** (Luxembourg), speaking on behalf of the European Union in explanation of vote before the voting , said that as in the past, the European Union would support the draft resolution. However, the use of the term Palestine in the draft resolution could not be construed as recognition of the State of Palestine and was without prejudice to the individual position of Member States on that issue and on the validity of accession by Palestine to the conventions and treaties mentioned therein.

45. In addition, the adoption of the resolution was without prejudice to the results of the discussions on the revitalization of the work of the Second Committee, in particular with regard to the addition of subjects to the agenda and the reports ensuring the relevance, efficiency, effectiveness of the Committee's work, especially in the context of implementing the 2030 Agenda and the Addis Ababa Action Agenda.

46. *A recorded vote was taken.*

In favour:

Afghanistan, Albania, Algeria, Andorra, Angola, Antigua and Barbuda, Argentina, Armenia, Austria, Azerbaijan, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belgium, Belize, Benin, Bhutan, Bolivia (Plurinational State of), Bosnia and Herzegovina, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burundi, Cabo Verde, Cambodia, Chile, China, Colombia, Congo, Costa Rica, Croatia, Cuba, Cyprus, Czech Republic, Democratic People's Republic of Korea, Denmark, Djibouti, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Estonia, Ethiopia, Fiji, Finland, France, Gabon, Georgia, Germany, Ghana, Greece, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Hungary, Iceland, India, Indonesia, Iran (Islamic Republic of), Iraq, Ireland, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Latvia, Lebanon, Libya, Liechtenstein, Lithuania, Luxembourg, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mauritius, Mexico, Monaco, Mongolia, Montenegro, Morocco, Mozambique, Myanmar, Namibia, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Saint Kitts and Nevis, Samoa, San Marino, Saudi Arabia, Senegal, Serbia, Sierra Leone, Singapore, Slovakia, Slovenia, Solomon Islands, Somalia, South Africa, Spain, Sri Lanka, Sudan, Suriname, Sweden, Switzerland, Syrian Arab Republic, Tajikistan, Thailand, the former Yugoslav Republic of Macedonia, Timor-Leste, Trinidad and Tobago, Tunisia, Turkey, Turkmenistan, Ukraine, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, Uruguay, Uzbekistan, Venezuela (Bolivarian Republic of), Viet Nam, Yemen, Zambia, Zimbabwe.

Against:

Canada, Israel, Marshall Islands, Micronesia (Federated States of), Nauru, Palau, United States of America.

Abstaining:

Australia, Cameroon, Central African Republic, Honduras, Papua New Guinea, Paraguay, Togo, Tonga.

47. *Draft resolution A/C.2/70/L.21 was adopted by 156 votes to 7, with 9 abstentions.*

48. **Mr. Abushawesh** (Observer for the State of Palestine) expressed his condolences to the Lebanese people and their families, as well as the Government, for the terrorist attacks that had claimed many lives that day.

49. The draft resolution just adopted recognized the right of the Palestinians to permanent sovereignty over their natural resources, including land and water, and therefore to reparations when those resources were exploited or endangered by illegal measures being taken by the occupying Power in Occupied Palestinian Territory, including East Jerusalem. Those measures included the building of settlements and the construction of the separation wall, in defiance of international law and the advisory opinion of the International Court of Justice.

50. It would be useful to remember the lessons of history: those who had provoked disasters in other

countries had been forced to pay reparations to their victims. Israel itself had received reparations on account of the actions committed by the Nazis. However, although certain losses could be covered by reparations, others could not be quantified monetarily.

51. The representative of Israel had yet again made the claim that Gaza was governed by a terrorist group. In fact, Gaza, the West Bank, occupied East Jerusalem and Israel itself were all governed by a gang of terrorists and settlers. Some days prior, the European Union had taken a step to consolidate peace in the Near East by deciding to label products produced in Israeli settlements. That was a legitimate step in the right direction that would bring Palestinians and Israelis closer to peace. The international community should now take the further step of boycotting products coming from the settlements and boycotting the settlers themselves, all of whom were terrorists, by prohibiting them from entering their countries, refusing to grant them citizenship, and refusing to grant them credentials as members of the Israeli diplomatic corps. .

Organization of work

52. **The Chair** said that regarding the draft resolutions to be adopted, there were a number of outstanding issues with cross-cutting or horizontal language which had to be resolved in order to conclude informal consultations, proceed to action and finish the work of the Committee in a timely matter. Taking into account the views of Member States and considering the fact that several processes had been delayed on account of that issue, the Bureau had decided to propose a separate process of facilitation. The process would enable delegations to present their views and eventually reach an agreement on those outstanding issues. To that end two co-facilitators had been appointed, Ms. Ordoñez Fernández (Colombia) and Mr. Cripton (Canada).

53. There were three separate horizontal issues to be addressed. First, discussions would be held on preambular paragraphs referring to the 2030 Agenda and the Addis Ababa Action Agenda with the aim of coming to an agreement regarding their unified form. Second, without prejudging the outcome of the discussions on the revitalization of the work of the Committee, the right balance must be found with regard to outstanding issues relating to the concluding paragraphs of resolutions referring to the future agenda items of the Committee, as well as requests for reports of the Secretary-General. Third, regarding paragraphs with a reference to Observer States, the issue should be incorporated into the scope of the facilitation process, but with the understanding that the purpose of the exercise was to provide a space for delegations to express their views and have them heard. The co-facilitators would be listening but would not be in a position to negotiate. They would report on the discussions to the Chair, who would then take action if necessary. Consultations on horizontal issues should begin immediately and conclude within the time frame established for the programme of work of the Committee.

54. He took it that that proposal was acceptable to the Committee.

55. *It was so decided.*

56. **Ms. Haynes** (Trinidad and Tobago), expressing concern for coordination and consistency in both work and language across the Committees of the General Assembly, asked whether the results of the informal consultation process on cross-cutting issues and horizontal language would also be reflected in the work of the Third Committee, which shared many thematic issues with the Second Committee.

57. **Ms. Ordoñez Fernández** (Colombia), speaking as co-facilitator of the informal consultation process, said that since proposals had been scattered across resolutions, the consultations would begin with a clean slate. The co-facilitators would ask delegations and groups to submit general comments on how they understood the paragraphs in question. Committee members would then be asked to indicate relevant information that should be covered by those paragraphs, and finally, to identify any red lines of content that should not appear.

The meeting rose at 4.25 p.m.